

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Centrix Bank & Trust

Point of Contact:	Deborah A. Morin, VP Controller	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	573	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	7,500,000	FDIC Certificate Number: (For Depository Institutions)	35035
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 06, 2009	City:	Bedford
Date Repaid <sup>1</sup> :	N/A	State:	New Hampshire

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Without the infusion of the CPP funds, the Bank's 2010 loan growth would have been restricted to 5% over total loans at December 31, 2009 or \$19 million. With CPP funds, the Bank's loan growth during fiscal year 2010 totaled \$55 million, growth of 13% when compared to December 31, 2009.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The major loan types impacted, including the dollar amount of growth and percentage of the total 2010 loan growth of \$55 million, are as follows: commercial real estate, \$34 million or 62%; construction, \$6 million or 11%; and, residential mortgage loans held for sale, \$13 million or 24%.

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☐
Increase securities purchased (ABS, MBS, etc.).

☐
Make other investments.

☐
Increase reserves for non-performing assets.

☐
Reduce borrowings.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

At December 31, 2010, the Bank had fully deployed its CPP funds with nominal amount of approximately \$400,000 remaining.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Centrix Bank & Trust (the Bank) delivers high-quality financial products and services to small- to medium-sized businesses, professionals, not-for-profits and municipalities. Over the Bank's ten year operating history, it has become an integral part of the communities we serve in southern New Hampshire. Despite the financial crisis and the weakened economic conditions, the Bank's Board of Directors was committed to supporting the needs of the communities it serves while ensuring that it continued to operate the Bank in a safe and sound manner. In such, a full assessment of capital needs was undertaken, during the fourth quarter 2008. A three-year financial plan was prepared modeling asset growth with and without additional capital. Assumptions used projected higher than historical loan losses and reserves, resulting from the expectation that there would be continued deterioration in the economy. Without additional capital it was estimated that loan growth would have to be suppressed to 5% annually. With the addition of \$7.5 million in new capital, the Bank projected that it could support loan growth of between 12% and 15% annually. The Bank's actual loan growth during the fiscal year 2010 totaled \$55 million or 13% when compared to the fiscal year 2009. Without the infusion of capital, the Bank would have limited its loan growth to \$19 million or 5%, preserving the excess capital to ensure the Bank could continue to operate in a safe and sound manner. Additionally, without the CPP funds, many of the Bank's business customers would have had to find alternative financing, which, given the depth of the financial crisis, may have been difficult.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

As discussed above, the CPP funds supported the strong growth of the Bank's loan portfolio, thereby allowing the Bank to meaningfully support the communities it serves in Southern New Hampshire. Additionally, the Bank is dedicated to being an active and supportive member of its communities. The receipt of CPP funds allowed the Bank to maintain its Community Investment Policy. Consequently, in 2010, the Bank was able to support 96 deserving not-for-profits and invested in 4 community service projects.

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

During 2009, the Bank entered into a Loan Purchase Agreement whereby the Bank purchases government-guaranteed residential mortgage loans originated by a local mortgage company and subsequently sells them. By offering this product, the Bank has supported the needs of a local business, as well as, provided financing for homeowners to buy new homes or to refinance existing mortgages at more favorable terms, further strengthening the Bank's local economy. Without the capital infusion, the Bank would not have been able to offer this product. During 2010, the Bank extended this offering to another local mortgage company and expanded the offering to the first mortgage company to include qualifying conventional mortgage loans. As a result, residential mortgage loans held for sale increased \$13.3 million to 6% of the Bank's total loan portfolio, during 2010.